Ministry of Forests

Woodlot Licence Program

Annual Report

1999-2000

Bulkley Valley Horse Logging • courtesy Woodlot Product Development Council

BRITISH COLUMBIA

Ministry of Forests

About the Woodlot Licence Program

What is a Woodlot Licence

A Woodlot Licence is a legal agreement between the Forest Service and the licence holder that grants sole rights to manage and harvest Crown timber within the woodlot licence area. Woodlot licences are awarded through an advertised, competitive application process. The most suitable applicant is determined by evaluating the following information:

- the applicant's education and personal experience relevant to managing a woodlot licence;
- the amount and quality of private forest land that the applicant is proposing to include in the woodlot licence; and
- commitments as to how the woodlot licence would be managed if the applicant is successful.

In exchange for the right to harvest timber on the Crown portion of the woodlot licence, the licence holder must agree to manage the private land contribution in accordance with provincial forestry legislation and guidelines such as the *Forest Practices Code of B.C. Act* (the Code). The maximum amount of Crown land that can be included in a woodlot licence is 400 hectares on the coast and 600 hectares in the interior. Any amount of private land can be included in a woodlot licence area.

Woodlot Licence Program Objectives

The objectives for the Woodlot Licence Program are:

- to increase the amount of private forest land under sustained yield° management, and to improve the productivity of that land;
- to improve the productivity of small parcels of Crown forest land;
- to increase the opportunities for private citizens to participate directly in small-scale forest management operations;
- to promote local employment opportunities; and
- to promote excellence in forest resource management.

° *sustained yield—a method of forest management that balances the net forest growth and amount of timber that is harvested from an area.*

History of Woodlot Program in British Columbia

In 1948, the *Forest Act* was amended to allow farmers to obtain small areas of Crown forest to manage as farm woodlots. The small size of farm woodlots and the onerous administrative requirements resulted in a very low level of interest in the program. Following the Pearse Royal Commission, the *Forest Act* was amended in 1979 to create a new type of woodlot licence. These woodlot licences were to be larger in area than the old farm woodlots and unlike farm woodlots, which were only available to farmers, woodlot licences would be available to any Canadian resident at least 19 years old, First Nations Bands and small corporations controlled by Canadian residents.

Legal and Regulatory Environment

Before a woodlot licence agreement is signed, the successful applicant must prepare a management plan and receive approval of the plan from the district manager. The management plan contains inventory information about the timber and non-timber resources and recommends an allowable annual cut (AAC)* that is sustainable for the woodlot licence area. In proposing the AAC, the licence holder must provide information on the ability of the forest landbase to produce timber, limitations on timber harvesting to protect non-timber resources, and how the proposed forest management activities will affect the AAC.

Once the district manager has determined the AAC, the licence holder must closely balance the level of harvesting with the AAC during successive five-year periods. Prior to any harvesting or road construction, the holder of the woodlot licence must prepare and obtain approval of operational plans. These plans present maps and information outlining proposed harvesting and road construction, measures for protecting forest resources and the identification of reforestation activities. Once the district manager has approved the operational plans, the license holder can then apply for cutting authorities that authorize harvesting on Crown or private land within the woodlot licence.

Stumpage* must be paid on all timber harvested from Crown land. All forest management activities on the woodlot licence must be carried out in accordance with the Code, the *Forest Act*, and their accompanying regulations

* *AAC — rate of timber harvest permitted each year from a specified area of land, usually expressed as cubic metres of wood per year.*

* *cutting permit — a legal document that authorizes the holder to harvest trees under the Forest Act*

* *stumpage — a fee paid to the government based on a complex appraisal system*

Progress During the 1999 — 2000 Fiscal Year

Program Expansion

In 1994, the Minister of Forests, Mr. Andrew Petter announced his intention to significantly increase the number of woodlot licences and increase the AAC for the Woodlot Licence Program to about 1 million cubic metres. The following table shows the growth of the program over the years, with the results of the expansion program between 1995 and 2000.

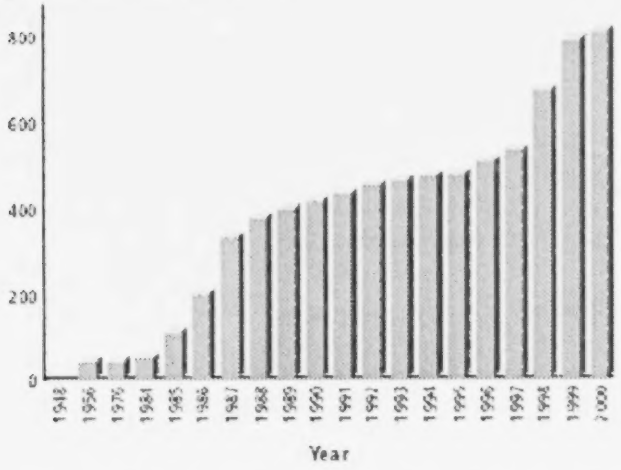

FIGURE 1.Number of Woodlot Licences by Year from 1948 to March 31,2000.(Note: Years from 1948 to 1984 are not proportionally distributed along the graph).

During the 1999 — 2000 fiscal year* the Woodlot Licence Program increased the total number of issued woodlot licences from 768 to 807 licences. This completed the expansion program and increased the AAC of the Woodlot Licence Program to over one million cubic metres.

Region	Allowable Annual Cut (cubic metres)			Area (hectares)		
	Private Land	Crown Land	Total	Private Land	Crown Land	Total
Cariboo	15,753	191,379	207,132	19,612	85,579	105,191
Kamloops	22,409	162,163	184,572	25,742	72,003	97,745
Nelson	9,284	125,843	135,127	7,320	55,334	62,654
Pr. George	29,412	314,004	343,416	23,669	127,910	151,579
Pr. Rupert	11,860	123,445	135,305	10,646	55,640	66,286
Vancouver	21,678	120,740	142,418	4,889	22,515	27,404
March 2000 Totals	**110,396**	**1,037,574**	**1,147,970**	**91,878**	**418,981**	**510,859**
March 1999 Totals	*102,506*	*899,635*	*1,002,141*	*88,456*	*392,617*	*481,973*

FIGURE 2. Woodlot Licence Program Summary Report as of March 31,2000.Source:Ministry of Forests Forest Tenure Administration System.

* *fiscal year—government fiscal year is from April 1 to March 31 of the following year.*

Figure 2 outlines the woodlot licence AAC by region, and shows that approximately 1,148,000 cubic metres are available for harvest on an annual basis, an increase of 13% from the previous year. This increase is due to the following factors:

- the AAC associated with the 39 new woodlot licenses that were issued during the year;
- re-inventories, and enhanced silviculture on existing woodlot licences that resulted in increases in AAC;
- temporary increases in AAC on some woodlot licences to facilitate harvesting of bark beetle infested stands*;
- increases in the Crown land area on some older woodlot licences to bring the Crown land area up to the maximum legal size. (400 or 600 hectares)

During the 1999-2000 fiscal year the total amount of area in woodlot licences increased by six percent to 510,860 hectares. The private land contributions increased from 88,456 hectares in 1999 to 91,878 hectares in 2000. This increase of 3,422 hectares of private land was a result of contributions associated with the 39 new woodlot licences.

Harvesting and Stumpage

As a result of the program expansion, woodlot licences generated approximately $20.3 million in stumpage during the 1999-2000 fiscal year. This is more than double the $9.5 million of woodlot licence stumpage that was billed during the 1998-1999 fiscal year. The volume and stumpage information for the Crown land is provided in Figure 3 below. In addition to stumpage, the Woodlot Licence Program contributed an estimated $250,000 of revenue from annual rent.

Region	Harvest Volume Billed (cubic metres)	Stumpage Billed (dollars)
Cariboo	353,449	3,138,376
Kamloops	205,665	1,948,610
Nelson	137,826	428,817
Pr. George	400,171	9,343,410
Pr. Rupert	265,369	4,103,493
Vancouver	113,135	1,302,152
Prov. Total	1,475,615	20,264,858

FIGURE 3 Harvest and Stumpage Summary for the Woodlot Licence Program — April 1,1999 to March 31,2000. Source:Ministry of Forests — Revenue Branch Billing History Report — 1999-04-01 to 2000-03-31.

* *harvesting of bark beetle infested stands — a treatment that salvages timber infected with bark beetle by cutting the trees before the value of the the stand is lost, and the insects spread to adjacent forests.*

Program Costs

Administration and management of the Woodlot Licence Program falls within the responsibility of the Ministry of Forests. Support centres includes various branch offices located in Victoria, 6 regional offices and 40 district offices. The branch offices are responsible for policy direction and administration on a provincial basis. Regional centres assist in the development of regional priorities, programs and procedures and are a resource for the districts. The district centres work directly with the woodlot licence holders and deliver the program objectives.

The accompanying map locates the various forest regions in the province.

During the 1999-2000 fiscal year, the estimated cost to deliver the program provincially was $4.6 million. Program delivery costs were obtained from a survey of six districts (one from each region), the six regional offices, and branch offices in Victoria. From the district survey results, a district average cost per woodlot licence was determined and applied to the total number of woodlot licences.

Forest Regions

Estimated Provincial Costs (in dollars)

Location	No. of WL	Salary	Office	Transport	Train & Support	Contract	Total Cost
	(000)	(000)	(000)	(000)	(000)	(000)	
Districts		3,240.4	347.8	156.0	18.0	7.0	3 769.2
Regions		336.6	40.0	7.4	5.4	7.1	396.5
Branch		300.6	28.7	17.9	31.0	12.2	390.4
All District Totals	**807**	**3,877.6**	**416.5**	**181.3**	**54.4**	**26.3**	**4 556.1**

FIGURE 5.Summary results and estimates of program cost based on cost survey completed May 2000.

The final estimated cost of $4.6 million represents approximately 22% of the stumpage billed from woodlot licences. The following figure provides a comparison of the costs within the context of the total stumpage billed from woodlot licences for the 1999-2000 fiscal year. This figure shows that the woodlot licence program contributed $15.7 million of net revenue to the government.

Proportion of Stumpage Required to Deliver the Program in Fiscal Year 1999-2000.

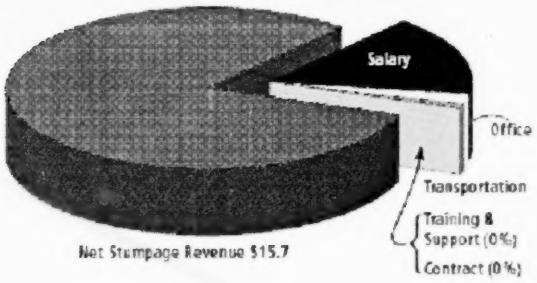

FIGURE 6. Total stumpage billed from woodlot licences compared to amount of revenue required by Ministry of Forests to administer.

Highlights of 1999-2000 Fiscal Year

Harvesting and Silviculture Activities

Based on annual reports submitted by woodlot licensees[1], 4 771.6 hectares of harvesting was reported on woodlot licences for the 1999 calendar year. As illustrated in Figure 7 the majority of harvesting on woodlot licences involves silvicultural systems other than clearcutting that are often designed to encourage natural regeneration, maintain visual quality or conserve non-timber resource values.

Summary of Harvesting Activities

Silviculture System	Area	Description (hectares)
Clearcut	1 013.7	The removal of a stand of trees in a single harvesting operation.
Clearcut with reserves	1 567.7	A variation of clearcutting where some trees are retained,(usually in small groups),for purposes other than regeneration.
Seed tree	7.4	Harvesting where single trees or small groups of trees, are left standing after the initial harvest to provide a source of seed for natural regeneration.
Shelterwood	404.0	The harvesting of a stand of trees in a series of cuts designed to achieve a new even-aged regeneration under the shelter of remaining trees.
Selection cut	1 256.3	Periodic harvesting that removes some of the mature trees, either as single scattered individuals or in small groups and creates a stand of trees of all different sizes and ages.
Commercial thinning	41.2	The removal of trees before a stand reaches an age for final harvest where the majority of the stand volume is not removed.
Un-defined	481.3	Areas where silviculture system was not specified.
Total	4 771.6	

FIGURE 7.Summary information from licence holder annual reports for 1999 calendar year. (June 2000).

Summary of Silviculture Activities

Silviculture Activity	Area	Description (hectares)
Site Preparation	580.7	The creation of a favourable environment for the establishment and initial survival of regeneration.
Planting	1 406.3	The establishment of trees by planting seedlings, transplants, or cuttings.
Regeneration Survey	3 106.6	A field survey that checks whether or not sufficient trees have been regenerated.
Free Growing Survey	1 081.0	A field survey that checks whether or not a free growing stand of trees has been established in accordance with the specifications in an operational plan.
Stand Tending	1 733.3	Activities such as thinning,spacing,brushing,pruning or fertilization.
Total	7 907.9	

FIGURE 8.Summary information from licence holder annual reports for 1999 calendar year. (June 2000).

Based on annual reports submitted by woodlot licensees the Figure 8 identifies the silviculture activities that were reported for the 1999 calendar year. Over 1,675,000 tree seedlings were planted on woodlot licences during the 1999 calendar year.

[1] *Note: Approximately 19% of woodlot licensees had not submitted their annual reports by the time these statistics were compiled.*

Ownership of Small Timber Processing Facilities

For the past 20 years, woodlot licence holders were not eligible to own a timber processing facility*. June 1999, the *Forest Act* was amended to allow woodlot licensees to own small timber processing facilities providing the district manager is satisfied that good forest management is being practised on the woodlot licence area. Approximately 15 woodlot licensees have been authorized to operate small timber processing facilities. The products produced include high value posts and beams, timbers, rough lumber for agricultural purposes, deciduous lumber for furniture and other material for value added manufacturing.

Term of the Woodlot Licence

The *Forest Act* was changed on September 24, 1999 to increase the term of all replaceable woodlot licences* from 15 years to 20 years. The replacement of licences will now occur at 10-year intervals instead of every 5 years. This will result in reduced workload for Forest Service district staff. The amendment also allowed amendments to the Crown land area of a woodlot licence to be made at times other than licence replacement.

Auditor General's Report

In August 1999, the Auditor General of British Columbia released a report assessing the Woodlot Licence Program. The overall conclusion of the report was that the Ministry of Forests manages parts of the program reasonably well but needed to make improvements to ensure that the program's objectives were achieved.

The report made the following recommendations to improve the program:

- develop a clear policy on the transfers of woodlot licences;
- apply cut control* policy more consistently;
- continue to simplify and streamline woodlot licence administration;
- improve the application evaluation process for new woodlot licences;
- ensure that the application category weightings comply with policy; (private land—evaluation range of 20-60%, applicant suitability—20-50%, and management intent—10-60%);
- ensure the 30-day review process for applications is applied fairly;
- ensure that licence holders meet their forest management obligations;
- develop an evaluation framework to assess the program's performance;
- develop a long-term vision and strategic plan for the program;
- collect costs attributable to the delivery of the program; and
- develop an annual report of the program's performance to stakeholders and Legislative Assembly.

The ministry has either completed or is working diligently to achieve the recommendations of the Auditor General.

* ***timber processing facility*** — *a facility that processes timber or wood residue or both.*

* ***replaceable woodlot licence*** — *where the licence agreement allows for the existing WL to be replaced during the 9th year of the term.*

* ***cut-control*** — *a set of rules that describes the allowable variation in the periodic harvest rate, either above or below the AAC.*

Conclusion

Policy on the Transfer of Woodlot Licences

To satisfy one of the Auditor General's recommendations the ministry has completed a draft policy on woodlot licence transfers after extensive consultation and discussion with stakeholders and Forest Service staff. The Minister of Forests is presently considering the draft policy. With the approval of the policy, the authority to provide consent for most woodlot licence transfers will delegated to the regional managers. This delegation is designed to streamline the processing of woodlot licence transfers.

Streamlining of Administrative Requirements

With the enactment of the Forest Practices Code in 1995, woodlot licence holders have struggled with the more onerous administrative requirements. During 1998 a significant streamlining process was undertaken by reducing management plan requirements under the *Forest Act* and introducing the Woodlot Licence Forest Management Regulation. This streamlining process has successfully reduced administrative requirements and is estimated to have saved licence holders up to $2.00 per cubic meter.

For the current fiscal year a significant list of proposed amendments to the Woodlot Licence Forest Management Regulation have been prepared in order to maintain consistency with major licensee Forest Practices Code regulations and provide additional streamlining for woodlot licensees. These amendments are currently undergoing stakeholder review and will be submitted to Cabinet for approval in the upcoming months.

Amendments to the *Forest Act* have also been proposed in the legislature to provide woodlot licensees with more flexible five-year cut control requirements.

In addition, the ministry is working with the FBCWA on results-based pilot legislation that would allow a select group of woodlot licence holders to test innovative ways to simplify operational planning and increase the woodlot licence holder's freedom to manage.

This past fiscal year has been one where Forest Service staff have adapted to the streamlining initiatives that were introduced in November 1998 and considered additional ways to simplify and streamline program administration. The Auditor General's investigation has focussed attention and spurred improvements to the program.

During the fiscal year, two woodlot licences received Forest Stewardship Council certification and a third woodlot licence received an FRBC award for excellent forest management.

The recently completed Forest Policy Review conveyed a clear message that the public would like to see additional woodlot licences created. The woodlot licence tenure is providing publicly acceptable small-scale forest management in community interface areas where many members of the public do not want large industrial forestry. In order to further increase the number of woodlot licences, additional Crown AAC must be dedicated to the program. Since virtually all the Crown AAC is fully allocated, a government decision to expand the woodlot licence program must acquire Crown AAC from some other source.

To reduce government program delivery costs, work will continue to improve the legislation, policy and procedures that govern the administration of the woodlot licence program.

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